



MOBILEHOME RENT REVIEW COMMISSION AGENDA

THURSDAY, JULY 21, 2011
6:00 P.M. CLOSED SESSION
6:30 P.M. TIME CERTAIN PUBLIC START

CONFERENCE ROOM C101, CITY HALL
276 FOURTH AVENUE

CALL TO ORDER/ROLL CALL

Steve Epsten _____, Rudy Gonzalez _____, Edmond LaPierre _____, Sam Longanecker _____, Cesar Padilla _____, Ramon Riesgo _____, Mitch Thompson _____.

CLOSED SESSION

1. **CONFERENCE WITH LEGAL COUNSEL REGARDING EXISTING LITIGATION PURSUANT TO GOVERNMENT CODE SECTION 54956.9(a)**

- ❖ Brentwood MHP Investors, LLP v. City of Chula Vista, San Diego Superior Court Case No. 37-2010-00079506-CU-WM-SC

PUBLIC MEETING 6:30 P.M.

2. **APPROVAL OF MINUTES**

- ❖ 5/31/11, Attachment 1.

3. **ELECTION OF CHAIR AND VICE CHAIR FOR FISCAL YEAR 2011/2012**

4. **AMENDMENTS TO THE RENT REVIEW ORDINANCE**

Staff will provide an overview of the July 12th Council meeting where the proposed amendments to CVMC 9.50 were considered.

5. **STAFF COMMENTS**

6. **MEMBERS COMMENTS**

7. **PUBLIC COMMENTS**

Opportunity for members of the public to speak to the Mobilehome Rent Review Commission on any subject matter within the Commission's jurisdiction but not an item on today's agenda. Each speaker's presentation may not exceed three minutes.

8. **ADJOURNMENT** – To a special joint meeting of October 20, 2011.

Dated: 7/13/11

COMPLIANCE WITH AMERICANS WITH DISABILITIES ACT (ADA)

The City of Chula Vista, in complying with the Americans with Disabilities Act (ADA), request individuals who require special accommodations to access, attend, and/or participate in a City meeting, activity, or service request such accommodation at least forty eight hours in advance for meetings and five days for scheduled services and activities. Please contact Redevelopment & Housing for specific information at (619) 691-5047 or Telecommunications Devices for the Deaf (TDD) at (619) 585-5647. California Relay Service is also available for the hearing impaired.

**CITY OF CHULA VISTA
DRAFT MINUTES
MOBILEHOME RENT REVIEW COMMISSION**

Tuesday, May 31, 2011
6:00 P.M. CLOSED SESSION
6:30 P.M. TIME CERTAIN PUBLIC START

**276 FOURTH AVENUE
CITY HALL COUNCIL CHAMBERS**

CALL TO ORDER/ROLL CALL – 6:04 P.M.

PRESENT: Steve Epsten, Rudy Gonzalez (late arrival), Sam Longanecker, Cesar Padilla, Ramon Riesgo, Mitch Thompson (late arrival)

ABSENT: Pat LaPierre (excused)

STAFF: Stacey Kurz, Senior Project Coordinator
Mandy Mills, Housing Manager
Simon Silva, City Attorney

Chair Padilla announced in Spanish that a translator was present and providing simultaneous translation for anyone who wished to utilize the service.

1. APPROVAL OF MINUTES

April 14, 2011

Member Longanecker made a motion to approve the minutes. Member Riesgo seconded the motion. All members present (3-0) agreed to the approval of the minutes.

April 27, 2011

Member Longanecker made a motion to approve the minutes. Member Riesgo seconded the motion. All members present (3-0) agreed to the approval of the minutes.

2. PROPOSED AMENDMENTS TO THE RENT REVIEW ORDINANCE (CVMC 9.50)

Staff Kurz provided a presentation; see Exhibit 1, of proposed amendments to the Mobilehome Rent Review ordinance, Chapter 9.50 of the City's Municipal Code. She indicated that these proposed amendments were based on referrals provided by the Commission, clarifications of the ordinance that staff has noted over the past years since the ordinance was last updated in 2002 and the need to establish a permanent funding source for rent review administration. She presented the staff recommended changes as identified in the staff report included in the agenda packet, see Exhibit 2.

Chair Padilla opened the discussion to the Commission for clarifying questions of staff.

Chair Padilla asked if the actual dollar amount of the administrative fee would be established prior to Council. Staff Kurz responded indicating that it would not, staff is asking Council to establish the fee and staff would come back at a later date once all of the details of collection were figured out for Council approval. She further indicated that staff has an estimate of the approximate fee assuming the current recommendation is adopted, however until staff has the opportunity to determine the number of residents that are under rent control and the collection method the fee could not be established. Chair Padilla followed by asking what the cost of administration was in the previous year. Staff Kurz responded that in 2010 staff costs amounted to \$96,171 with an anticipated increase closer to \$100,000 in 2011. She included that these costs include internal staff costs and not all litigation or outside expert costs. Chair Padilla asked how the ultimate fee would be adopted and Staff Kurz indicated that the City does not

Mobilehome Rent Review Commission

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desire to include actual fee amounts in ordinances but rather in the master fee schedule with all other fees administered by the City. At a future date, Council would adopt a Resolution to add the CVMC 9.50 fee to that schedule.

Chair Padilla also asked for clarification on how staff determined the impact of temporary decontrol would have little impact to resale values. Staff Kurz responded indicating that staff reviewed listings and attempted to look at the most comparable units. In today's market there was not a significant differential between regulated and non-regulated jurisdictions.

Chair Padilla acknowledged the arrival of Commissioner Gonzalez.

Member Gonzalez provided his apologies for arriving late. He asked if the collection of the fee would include indirect costs. Staff Kurz indicated that the city has not determined how the collection would occur and that the costs to collect would be included in the calculation. He followed by asking what the timeframe was for the fee and Staff Kurz responded indicating that they anticipate coming back to Council in the January timeframe and start collection prior to July 1, 2012.

Chair Padilla announced that Commissioner LaPierre was unable to attend due to medical reasons, but had submitted a position letter that Staff Kurz would read and was provided as a handout, see Exhibit 3.

Member Epstein asked what the cost to hire experts has been in the past. Staff Kurz indicated that the fair return analysis conducted for the Bayscene case in 2006 was \$12,000 but an MAI appraisal was not conducted at that time and she did not have a figure on hand.

Chair Padilla acknowledged the arrival of Commissioner Thompson.

Chair Padilla invited anyone interested in speaking on this item to submit a speaker slip and the following members of the public spoke:

Virginia Jensen, park owner – Ms. Jensen indicated that they have owned parks for 50 years and have 4 currently. She indicated that most parks sit on land that could be used for higher uses and the rent control ordinance is a taking of their land. She further stated that many parks are run down and without some type of relief on rent control the city will continue to see decline. She feels that the city has provided no incentive to upkeep the parks and anything less than full vacancy decontrol will destabilize mobilehomes as a form of housing.

Dolores Dempsey, resident of Granada – Ms. Dempsey stated that mobilehome parks are a lucrative business with profits of 13% based on something she read. She indicated that without rent control on change of ownership the resale value of the homes is significantly affected and if parks are allowed to raise rents without restriction it impacts the investment residents made which has already gone down significantly due to the economy. When a resident has lived there for over 10 years the park owners are already able to get a significant increase on change of ownership through the MHRRC and city. The park owners have not received an increase in the past year because it is tied to the CPI and no seniors have received an increase in income. We need fair housing.

Gloria Faunce, resident of Palace Garden – Indicates that she does not understand all of the proposal. She was curious what market rent meant, just in Chula Vista? She also indicated that several years ago the use of the Kelley Blue Book caused problems, and that mobilehomes are not like cars they do not depreciate, they appreciate.

John Baldwin, Bayscene owner – Mr. Baldwin thanked staff for the diligence in research and attempt to be as fair as possible on a hard topic. He further stated that the park owners want full decontrol in order to maintain the parks and keep doors open. He does not want another Jade Bay to occur. He concluded that he believes without decontrol the city will have more litigation.

Mobilehome Rent Review Commission

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Lucille Besch, resident of Palace Garden – It is a senior park and most residents are on a fixed income. She indicated that no one has addressed the issue that if someone inherited a unit it would then be decontrolled. She further stated that if decontrolled she would be out on the street.

Chair Padilla clarified that decontrol would only impact change of ownership not her current rent. Ms. Besch indicated that she was still concerned about the burden of someone inheriting the unit and being considered a new owner. Chair Padilla followed by mentioning that what would affect her now is the fee. She asked who would decide what that fee would be. Chair Padilla responded that staff and Council would.

Roy Muroaka, park owner – Believes his park has some of the lowest rents in the city and believes that the decontrol is necessary in order to allow him to raise the rent to what it should be. He indicates as the parks age there will be major capital improvements needed.

Chair Padilla asked whether Mr. Muraoka believes more investment would occur in parks with decontrol. He responded indicating that he believes parks are going to have to upgrade, they were built as a temporary housing form, they expected the park to be there for 75 years and now it may be in existence for closer to 150 years.

Yolanda Goldie, *Ruth Rondand* and *Martha Matney* passed their time. Commissioner Gonzalez asked if they supported or were against the changes and they all indicated they had not decided.

Jim Matney, resident of Chula Vista Mobilehome Park – Mr. Matney indicated that it is difficult for a lot of residents to decide if they are for or against because there are open gaps in what they heard tonight. He favors the idea of some type of a cap on change of ownership. He indicated that if the park owners were not profiting, why would they own several mobilehome parks. He feels there are too many holes in the proposal for the commission to make a decision. He further discussed the issue that if a potential buyer comes to him and asks what his rent is and then goes to the park manager office they will get a different space rent.

Chair Padilla asked Staff Kurz to identify what the process is for selling a mobilehome. She indicated nothing would change in that process whereby the seller is suppose to provide the park owner with "Intent to Sell" and in turn the park owner provides a notice of the incoming space rent for a new resident.

Mr. Matney asked if this could be added to the amendments. Staff Kurz responded indicating it is already in the ordinance. He followed indicating if it already is in the ordinance and is not being followed, what will happen when you give the owner "full reign"? Chair Padilla indicated it is not full reign because the market will dictate and the park owner will desire to have a renter in the space. Mr. Matney asked why there are vacant spaces consistently in parks? Commissioner Epstein indicated that this may be a reflection of the market and the fact that dealers do not want to place new homes right now. Commissioner Gonzalez followed by indicating this may be normal attrition just like an apartment building. Commissioner Epstein followed by indicating that park owners are not in the business of having empty spaces. Chair Padilla indicated that it sounds like the Commissioners' are in agreement on this issue that you will never have 100% occupancy and that park owners need spaces filled to collect rent.

Randy Terry, park owner – Mr. Terry thanked staff and indicated that residents have had the benefit of rent control for 28 years and believes that they should maintain that right, but on change of ownership they should be decontrolled. He indicated that in order to preserve parks they need greater profit to reinvest. He asked why no new parks have been built in the past 20 years, no one is interested in building a new park. He also believes that rent control has pitted resident and owners against each other and this needs to end.

Alicia McGinnis, resident of Otay Lakes – She is opposed to decontrol and pointed to decontrol which Council has indicated would create unconscionable rent increases. She fears that without limits an average or inferior park could charge the same as a superior one. She further addressed that no changes were made to the mediation of resale prices, giving buyers more power than the seller. She

Mobilehome Rent Review Commission

Minutes

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believes the commission does a good job of looking at the criteria set forth in the ordinance. A lot of information is not being addressed and she feels a public meeting for residents to comment should be provided.

Steve Molski, resident of Terry's and COMOCAL representative – Mr. Molski pointed to some recent state bills that have made it through the legislature. He indicated that every \$10 increase in rent decreases resale price by \$1,000 and prices are already lowering. Park owners collect full rent even when a mobilehome is empty, unlike a vacant apartment. He suggests park owners drop rent by 50% during that time and this is the wrong time to make increases. He is unfamiliar with any other parks going bankrupt other than Jade Bay. He also thinks the grace period should be moved from 5 to 15 days.

Sheldon Goldie, resident of Granada – He asked whether residents would be able to use the experts for their use or if the city would only have access to them. He asked how the maximum caps would be set and checked for reasonableness. He made some comments on the increased costs to residents, such as: tag fees through the state, social security decreases and the increased costs of medical, gas, etc.

Jan Ramirez and *Edna Irwin* passed their time to Irene Bourke who now has 6 minutes.

Irene Bourke, resident of Granada – Ms. Bourke is concerned about the residents in her park and medical issues. She pointed to a case in Goleta regarding the rights to keep rent control. She reiterated concerns about space rents on change of ownership killing sales and now thinks buying a mobilehome was a financial mistake. She indicated that parks owners receive a discount on gas (she believes) that was supposed to be used for maintenance. They cannot afford big rent increases and every time rent control goes to court it is found to be fair to all parties. She summarized that park owners receive 13% return for little risk and park owners are trying to get rid of rent control across the state. If owners feel they are not getting a return then they should sell parks to residents.

Kenneth Smith, against decontrol – Why did we have rent control in the first place, the ordinance identifies the need and is balanced. He is concerned that residents will have to choose groceries vs. paying space rents. He pointed to Commissioner LaPierre's letter and indicated that he supports the cap system. He asked why mandatory tracking would be eliminated.

Staff Kurz responded indicated that tracking is not in the ordinance and at this point staff is not recommending it be added. It may become necessary in order to collect the fee and determine who is on rent review.

Gary Maio, resident of Otay Lakes - Encouraged commission looks at Yee vs. Escondido and the right to receive a reasonable return on resale of a mobilehome. He expressed concerns with park owners discriminating and not presenting the same space rent to every buyer. He further indicated that the times and lending industry is an issue today and mobilehomes are a good source of affordable housing.

Judy Maio passed her time.

Chair Padilla indicated that he hears a lot of concern about the unknown of what the new space rent would be for an incoming resident. He reiterated that based on Staff Kurz's comment this is already addressed in the ordinance and sellers should be finding out the unknown of the incoming space rent before telling buyers what the rent would be.

Mr. Alvarez, resident (via translator) – After living for 10-15 years in a mobilehome space we have paid more in rent than the lot is worth and would like to buy the land. Would like a law to regulate this because whomever inherits the unit will face the same issue.

Penny Vaughn, President of Chula Vista Mobilehome Residents Association and GSMOL representative – Ms. Vaughn clarified a statement in the minutes from April 14 regarding whether park owners should pay a portion of the fee and she commented no, but what was missing from the minutes was a description of the amounts that Commissioner Epstein then asked if she would be willing to pay up to \$50

Mobilehome Rent Review Commission

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a year and she commented yes, but that was not an unlimited dollar amount. Ms. Vaughn cited the findings in the ordinance. She stated she is against vacancy decontrol and believes the caps system can work.

Chair Padilla closed the public portion of the agenda item and asked for Commission discussion.

Member Gonzalez commented to park owners that he believes the majority are trying to upkeep parks and they are going through some changes as they upgrade to manufactured homes and this is an opportunity. However there are other owners that are not maintaining and believes this is why the ordinance exists. He was concerned with an early case on the commission about how money is spent within the park. He challenged the owners to bring standards up with all park owners and is sensitive to those on fixed incomes.

Member Thompson provided ideas to staff's proposal: 1) concerned with entirely decontrolling change of ownership and maybe adding a percentage cap to the ordinance; 2) if a resident has been living in the park more than a certain number of years a percent like 95% of market can be applied; and 3) adding a requirement for park owners to provide a disclosure every 2 years reminding of the process to sell the mobilehome.

Member Epstein indicated that he wants to dispel the myth that if these amendments are made that existing residents would lose protection under rent control, this is not true. He also stated that park owners are not in the business of having empty spaces. Mobilehomes are worth what they are worth, not what the inflated resale prices have been over the past several years. Today's market is a better reflection of value. He provided an example of a mobilehome that sold for \$28,000 in his park and when they went to the State HCD, they used the NADA (like a blue book) to value and it was \$12,000. He addressed #2 of Commissioner Thompson's idea regarding the length of residency and the savings that people receive under rent control that is subsidized on the backs of owner's not the city or some other program. He also indicated he did not believe a cap system would work since it would be subjective and be administrative burdensome. It would not streamline and make it fair. He believes the residents are for the fee and that park owners do not want to participate.

Chair Padilla stressed that existing/current residents space rent would not be affected by action's tonight, other than the fee that would be added. The ordinance is meant to prevent excessive rent increases for residents and he kept hearing tonight about how profitable the business of owning a park is. Rent control is not meant to control profits, park owners as business owners are entitled to make a profit. He understands the concern on resale values and that is why he asked for clarification from staff on this point.

Member Gonzalez believes that mobilehomes provide a more diverse housing stock and an affordable option.

Member Epstein supported staff in their research and recommendation. Chair Padilla asked Member Epstein whether he believes if decontrol was instituted what would the rent be raised to and he responded that it would be 100% at market. He also indicated he would be the first to support residents if a park owner made an egregious increase to space rent on resale. He stated that park owners did not buy into rent control it was imposed upon them after they had already purchased their parks. He indicated that in non-regulated environments these are not issues.

Chair Padilla asked if they could make amendments to staff's recommendation and Staff Kurz indicated yes.

Member Gonzalez asked how the commission's recommendation would be presented to Council and whether staff's recommendation will change dependant on commission recommendation. Staff Kurz

responded indicating that it is staff's intent to move forward with the current recommendation to Council but that the staff report will indicate what the commission decision is.

Member Gonzalez made a motion to recommend the staff recommendation and adopt the Resolution, see Exhibit 3 and Member Longanecker seconded. Member Gonzalez then asked if Commissioner Thompson wished to revisit any of the issues he had presented.

Member Thompson indicated that he is not opposed to the direction the ordinance is going he just feels it is moving a little faster and stronger than he would like to see. He suggested a *friendly amendment to require park owners distribute a disclosure every two years to residents on the requirements and rights upon sale of a mobilehome.*

Member Epstein indicated that state law requires a disclosure upon entering a park. *Member Gonzalez accepted the friendly amendment.*

All members (5-0) agreed to the recommendation and adoption of the resolution.

3. AMENDMENTS TO THE "CLOSURE" ORDINANCE (CVMC 9.40)

Staff Kurz provided a presentation; see Exhibit 1, of proposed amendments to the Mobilehome Housing Assistance (Closure) ordinance, Chapter 9.40 of the City's Municipal Code. She indicated that this was an information item, the commission would not be taking action and that staff is currently drafting these amendments.

Member Gonzalez asked for clarification on the relocation benefit maximums and how they were determined. Staff Kurz responded indicating that a sample of transporters was taken and staff will build a mechanism into the ordinance to prevent the numbers from being stagnant.

Member Thompson asked if the actual cost of physically moving meant a professional estimate and Staff Kurz responded that they would file for reimbursement of costs. He also asked if the developer or resident would be providing the estimate. Staff Kurz indicated that the city and applicant typically have a cooperative effort for checks and balances in selecting experts/contractors in the relocation process.

Member Thompson asked how the average space rent is calculated. Staff Kurz indicated that part of the closure process includes locating adequate spaces and apartments. Member Thompson asked whether staff meant what is vacant or survey of all for a true average and staff responded that they would clarify. Member Thompson also asked what rents staff would be using in order to determine average rent in Chula Vista. Staff Mills indicated that there are a few sources but staff would also clarify that. Member Thompson suggested using a few larger complexes as a survey.

Member Gonzalez asked if any preferences would be given to residents displaced and Staff Kurz indicated that they would be eligible for priority. Staff Mills added that some affordable managers held units when Jade Bay closed for several months and they went unused.

Member Thompson added that he thought 60% AMI rents should be used as opposed to 80% as a maximum given the current market in Chula Vista.

Chair Padilla invited anyone interested in speaking on this item to submit a speaker slip and the following members of the public spoke:

Dolores Dempsey, resident of Granada – She indicated that she was concerned about the ability to move a manufactured homes and other parks accepting used units and available spaces. She also indicated that she did not like the use of the Kelley Blue Book to value.

Chair Padilla asked for clarification on value. Staff Kurz indicated that the blue book would not be used for mobilehomes, but rather other factors such as are used by insurance companies and the county for assessment purposes.

Randy Terry, park owner – Indicated the state civil code dictates mobilehome living and residents should read and understand it before buying a mobilehome.

Virginia Jensen, park owner – Wanted to provide clarification the number of vacancies in her parks. Addressed staff and asked about the rental assistance for tenants and Staff Kurz indicated that there would be no financial benefits to tenants but rather services of a relocation expert to provide resources. She further asked who was paying for the lump sum subsidy and Staff Kurz responded that the proposal is for the applicant closing the park to pay these benefits. Ms. Jensen further asked about who was paying for the unpermitted improvements that are not moved. She believes that the proposal should consider those expenses.

John Baldwin, park owner – A manufactured home vs. a mobilehome is a difference of year built and the standards. Mr. Baldwin addressed his concern about flaws in the current proposal and his belief that without vacancy decontrol other parks will face the same closure threat as Jade Bay.

4. STAFF COMMENTS

Staff Kurz thanked Chair Padilla for over 10 years of service on the Commission and indicated that he would be missed as Chair.

Attorney Silva indicated that the Brentwood litigation was ongoing and at the next meeting we would have a closed session to discuss.

5. MEMBER'S COMMENTS

Member Epstein asked how Chair Padilla's term could be extended if he was interested.

Member Gonzalez thanked everyone for attending and again encouraged involvement of other park owners.

Member Thompson asked if we could consider moving public comments on the agenda. Chair Padilla indicated that maybe the next chair can address this issue.

Chair Padilla thanked staff, the commissioners and expressed his appreciation for their preparedness. He also thanked residents and park owners for their participation and helping to run efficient meetings.



6. PUBLIC COMMUNICATIONS

None.

7. ADJOURNMENT – Meeting was adjourned at 8:37 p.m. to the next regularly scheduled meeting of July 21, 2011.



Recorder, Stacey Kurz

*Development Services
Department*

Mobilehome Rent Review Commission



CVMC 9.50

Mobilehome Space Rent Review

Proposed Amendments

May 31, 2011

1





*Development Services
Department*



CVMC 9.50

Ordinance Amendment Goals

- Complete package
- Administrative updates
 - Clean-up ordinance
 - Clarify language
- Establish permanent fund for administration
- Address change of ownership language



2



*Development Services
Department*

Ordinance Amendment #1

Rent Review Administrative/Clarification

- Community Development Department to City
- 9.50.064 Owner Meetings and Possible Voluntary Negotiations/Appendix 1
 - "Voluntary Meeting" to "Informal Meeting"
- 9.50.075 Fixing of Space Rent in Excess of the Permissive Rent Increase
 - Date set by MHRRC only if owner was non-responsive

3







*Development Services
Department*

Ordinance Amendment #2

Administrative Fee

- Reasons for Amendment
 - Create permanent funding source
 - Ability to hire experts
 - MAI Appraisers / Fair Return Analysis (*Factors to Consider 9.50.073.B.*)
- Assessment Annually & Council approved
 - Residents under CVMC 9.50
 - Begin July 1, 2012
 - Collection logistics & fee ??







*Development Services
Department*



Ordinance Amendment #3

9.50.077 - Change of Mobilehome Ownership

- Change of mobilehome ownership = sale of a coach/trailer
- Reasons for update
 - MHRRC referral 1/20/11
 - Intent of Ordinance/Commission/City
 - Allow market to drive resale space rent
 - Reduce administrative burden
 - Protect incumbent residents



5

*Development Services
Department*

Ordinance Amendment #3

Range of Options

Control

- Must petition for any increase


- Tenant petitions / base increase on comparables

- Set annual maximum caps

- Temporary decontrol upon sale
- New resident eligible under CVMC 9.50

Decontrol

- Permanent decontrol upon sale



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Development Services Department

Ordinance Amendment #3 Analysis


Full Vacancy Decontrol		Temporary Vacancy Decontrol		Maximum Caps		Rent Review (Current Ordinance)	
•Permanently exempt upon sale		•Exempt upon sale •Eligible resident, regain right to petition		•Set annual caps •Eliminate petition when set below caps		•Retain the right to petition	
Benefit	Concern	Benefit	Concern	Benefit	Concern	Benefit	Concern
-Provides full administrative relief	-No protection for future residents	-Provides administrative relief		-Allows greater market influence	-Still potential for cases	-No administrative relief	
-Long-term phase out rent review		-Retain intent to balance interests			-Adds further administrative burden	-Leaves criteria up for scrutiny	
-Retain intent to prevent excessive incumbent rent increases		-Allows market influence			-Leaves criteria up for scrutiny		
-Allows market influence							


*Development Services
Department*

Ordinance Amendment #3

9.50.077 Recommendation


- Temporary Decontrol (no right to petition on sale)
 - Reduces administrative burden
 - Allows market to drive space rent upon sale
 - Returns incoming buyer to CVMC 9.50 thereby preserving rent review





*Development Services
Department*

CVMC 9.40 & 9.50 Next Steps




ATTENTION MOBILEHOME RESIDENT
PUBLIC INFORMATION MEETINGS
FOR AMENDMENTS TO:
CVMC 9.40 – MOBILEHOME HOUSING ASSISTANCE
CVMC 9.50 - RENT REVIEW ORDINANCE


The City of Chula Vista has prepared amendments to ordinances relating to mobilehome parks in order to: 1) provide greater clarity of resident benefits should a park go through a closure and 2) identify changes to the rent review process specific to resident change of ownership and establish an administrative fee to be assessed upon all residents protected by the rent review ordinance. These proposed amendments will be presented at two public information meetings prior to presentation to City Council on July 12, 2011 at 4 p.m. The two meetings will occur:

<p><u>June 28, 2011 at 2:00 p.m.</u> City Hall Council Chambers 276 Fourth Avenue Chula Vista, CA 91910</p>	<p><u>June 28, 2011 at 6:00 p.m. (bilingual)</u> City Hall Council Chambers 276 Fourth Avenue Chula Vista, CA 91910</p>
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For additional information, please leave a message at (619) 585-5600, option 1.

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*Development Services
Department*

Staff Recommendation

- MHRRC adopt the resolution, Item #2 – Exhibit 1

RESOLUTION OF THE CHULA VISTA MOBILEHOME
RENT REVIEW COMMISSION RECOMMENDING THAT
THE CITY COUNCIL APPROVE AMENDMENTS TO
CHULA VISTA MUNICIPAL CODE 9.50 (THE CITY'S
MOBILEHOME SPACE - RENT REVIEW ORDINANCE)

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*Development Services
Department*

Mobilehome Rent Review Commission



CVMC 9.40

Mobilehome Housing Assistance

Proposed Amendments

May 31, 2011

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*Development Services
Department*



CVMC 9.40

Mobilehome Park Closure Ordinance

- Supplements state law
 - Government Code 65863.7
 - Civil Code 798.56
- Provides further definition regarding:
 - Impact Report requirements
 - Financial benefits to displaced residents

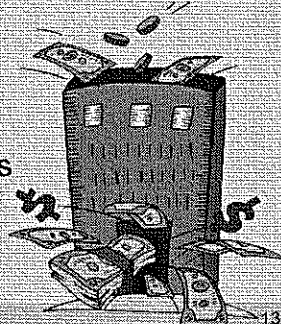
12

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CVMC 9.40

Ordinance Amendment Goals

- Complete package
- Provide clarity for all parties
 - Ambiguous definitions
 - State and local requirements
- Update benefits to today's costs




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*Development Services
Department*



CVMC 9.40

Notification

- Not currently addressed
- Default to State Civil Code 798.56
 - Minimum of six (6) months notice from City approval



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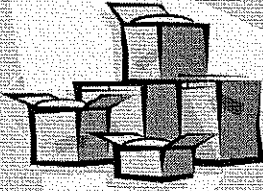



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CVMC 9.40

Tenant Relocation Benefits

- Services of housing expert
 - Referrals for housing alternatives & programs



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*Development Services
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CVMC 9.40

Resident Owner Relocation Benefits



THE LESSER OF:

- Actual costs of physically moving
 - Coach
 - Moveable permitted improvements
 - Maximum distance of 100 miles

OR

- Lump sum payment:

STRUCTURE	PAYMENT
Trailers, R.V.'s & Motorhomes – No moving permit required	\$ 2,000
Single Wide – 10', 12', 14' & 16' wide	\$ 5,000
Double Wide – 20', 24', 26', 28' wide	\$11,000
Triple Wide – More than a double wide joined together	\$15,000

*Development Services
Department*



CVMC 9.40

Additional Resident Owner Relocation Benefits

Extremely-, very low- and low- income also receive:

Lump Sum Space Rent Subsidy =
 12 x Average monthly space rent for current unit
 type in SD County – CV monthly maximum
 affordable rent (for income category)

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*Development Services
Department*

CVMC 9.40

Coach Value

THE GREATER OF:



- Depreciated Replacement Cost plus additions for site improvements (independent appraiser)

OR

- Lump sum payment:

STRUCTURE	PAYMENT
Single Wide – 10', 12', 14' & 16' wide	\$ 6,500
Double Wide – 20', 24', 26', 28' wide	\$11,500
Triple Wide – More than a double wide joined together	\$15,500

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Department*

CVMC 9.40

Trailer Value

THE GREATER OF:



- The Kelley Bluebook/Yellowbook plus adjustments for permitted site improvements (independent appraiser)

OR

- Lump sum payment based on the following schedule:

STRUCTURE	PAYMENT
Trailers, R.V.'s & Motorhomes – No moving permit required	\$ 2,500

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*Development Services
Department*

CVMC 9.40



Additional Value Benefits

Extremely-, very low- and low- income also receive:


Lump Sum Rent Subsidy =

12 x Average monthly rent for a 1-bedroom (trailer/singlewide) or 2-bedroom (doublewide/triplewide) apartment in CV – CV monthly maximum affordable rent (for income category)

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*Development Services
Department*

CVMC 9.40 & 9.50
Next Steps



ATTENTION MOBILEHOME RESIDENT
PUBLIC INFORMATION MEETINGS
FOR AMENDMENTS TO:
CVMC 9.40 -- MOBILEHOME HOUSING ASSISTANCE
CVMC 9.50 - RENT REVIEW ORDINANCE

The City of Chula Vista has prepared amendments to ordinances relating to mobilehome parks in order to: 1) provide greater clarity of resident benefits should a park go through a closure and 2) identify changes to the rent review process specific to resident change of ownership and establish an administrative fee to be assessed upon all residents protected by the rent review ordinance. These proposed amendments will be presented at two public information meetings prior to presentation to City Council on July 12, 2011 at 4 p.m. The two meetings will occur:

<u>June 28, 2011 at 2:00 p.m.</u> City Hall Council Chambers 276 Fourth Avenue Chula Vista, CA 91910	<u>June 28, 2011 at 6:00 p.m. (bilingual)</u> City Hall Council Chambers 276 Fourth Avenue Chula Vista, CA 91910
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For additional information, please leave a message at (619) 585-5600, option 1.

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The City of Chula Vista Development Services Department
A REPORT TO THE
MOBILEHOME RENT REVIEW COMMISSION

Item No. 2

Staff: Stacey Kurz

DATE: May 26, 2011

SUBJECT: **ACTION ITEM** - AMENDMENTS TO CHULA VISTA MUNICIPAL CODE 9.50,
MOBILEHOME SPACE RENT REVIEW

I. RECOMMENDATION

The Commission adopt a resolution, Attachment 1, recommending City Council approve the ordinance amendments.

II. INTRODUCTION

In 1982 the City of Chula Vista adopted Mobilehome Park Space – Rent Review [Chula Vista Municipal Code 9.50 (CVMC 9.50)] to ensure that mobilehome residents and mobilehome park owners are afforded a fair and equitable process for proposed rent increases by outlining a process for rent dispute resolution between the two parties. The Ordinance applies to mobilehome park owners and current and prospective residents who have entered into leases of 12 months or less.

Recently, staff has received several referrals from the Mobilehome Rent Review Commission (MHRRC) in order to clarify language within the ordinance related to effective date of increases and the factors reviewed during change of ownership cases. In addition, the City currently utilizes Housing Authority reserves to administer CVMC 9.50 and other mobilehome related activities, the only funding source other than General Fund monies eligible to cover such expenses. With further funding cuts to the Housing Authority on the horizon, the City needs to look at ways to streamline administrative functions and identify potential funding sources for continued administration of the ordinance.

Proposed Amendments

For discussion purposes, the proposed amendments are summarized in three separate areas of concern below and the draft Ordinance language is provided as Attachment 2.

Administrative Updates

Administrative amendments include various changes throughout the ordinance due to the elimination

of the Community Development Department and two clarifying items that have been addressed as concerns by the MHRRC, as summarized below.

9.50.064 Owner Meetings and Possible Voluntary Negotiations. To provide clarity this section would be retitled "Informal Meeting Requirements". In addition, Appendix One provides a sample Notice of Rent Increase including resident rights under the municipal code and identifies a "Voluntary Meeting" referring to Subsection 9.50.064. While attendance at the meeting is voluntary, in order for a resident to be eligible to petition a rent increase, they must attend the meeting. Staff therefore proposes to update Appendix One to reference "1. Informal Meeting" and further clarify through "3. Failure to Attend Informal Meeting" the repercussions of not attending such meeting.

9.50.075 Fixing of Space Rent in Excess of the Permissive Rent Increase. Subsection B addresses the ability for the MHRRC to set a date other than the park owner's legally noticed date in the Notice of Rent Increase. The ordinance amendment adds language to clarify that the date of increase is that stated in the Notice of Rent Increase with an exception only if the MHRRC makes a finding that the park owner was non-responsive to the hearing process, and therefore sets a date different than that in the Notice of Rent Increase.

Administrative Fee

9.50.030 Administrative Fee. This new section of Chapter 9.50 establishes a permanent fund for staff time and other costs (i.e. hiring of experts for fair return analysis and MAI appraisers) associated with the administration of the rent review ordinance. Since Housing Authority funds are vulnerable to cuts, the establishment of these funds ensures a consistent funding source for implementation of the ordinance and allows other desired expenses such as the hiring of experts. At this time staff is proposing the authorization to establish a fee, logistics of collection and the actual fee would be brought to City Council for final approval at a later date prior to July 1, 2012.

Change of Ownership

9.50.077 Vacancies and Rents Upon Change of Mobilehome Ownership. 9.50.073 (Factors to Consider in Fixing Space Rent Through the Hearing Process) provides the MHRRC a menu of factors that may be considered when reviewing proposed rent increases for both existing/incumbent residents and change of ownership cases. Legally the MHRRC must consider all factors for both types of increases. However historically, the MHRRC has given more weight to Factor E (Fair market rental value as determined by "comparables" of similar and existing mobilehome spaces or mobilehomes in the South Bay area of San Diego County) for change of ownership cases, allowing the market to influence increases primarily through the review of comparable space rents. The ordinance amendment therefore seeks to provide clarity to differentiate between existing/incumbent resident increases and change of ownership, and to reduce the change of ownership case administrative burden by being less restrictive upon change of ownership and allowing market influences to have a greater impact.

Staff researched several options related to change of ownership in order to determine the preferred option, as follows:

- Maximum Caps – Caps based upon comparable market space rents would be set to eliminate the right to petition when rent increases were set below the maximum limits.
 - Analysis: While this would allow greater market influence upon change of ownership, it would not eliminate the potential for change of ownership cases and it would add further administrative burden to set the caps and leaves the criteria used to establish them up for scrutiny.
- Temporary Vacancy Decontrol – Upon sale, spaces would be exempt from the right to petition and once in place with an eligible lease under CVMC 9.50, the new resident would again have rights to petition increases over the annual permissive rate.
 - Analysis: Removes City from change of ownership increases however helps retain the original intent of the rent review ordinance to balance the interests of mobilehome park residents and owners by still protecting existing/incumbent mobilehome residents against excessive rent increases while allowing mobilehome park owners to receive a just and reasonable return on their property from incoming residents.
- Full Vacancy Decontrol – Spaces would permanently become exempt from eligibility under the rent review ordinance upon change of ownership, thereby phasing out rent control as units sold within the City.
 - Analysis: Provides full administrative relief upon change of ownership and long-term would phase out rent review from the City. While this option would preserve the ordinance's original intent to prevent unconscionable increases of rents to existing/incumbent mobilehome park residents, it would phase out protection for future residents.

Based upon the desire to relieve the administrative burden upon change of ownership, allow the market to influence space rents, and in preserving the original intent of the ordinance, staff recommends the ordinance be amended to provide *temporary vacancy decontrol* upon change of ownership. This would remove the right to petition increases at sale, allowing the market to influence resale space rents. Once a new resident was in place and had a qualifying lease under CVMC 9.50, they would again qualify for rent review and the annual permissive increase. It should be noted that staff's research on the potential affect on resale values of mobilehomes appears to be minimal in today's market.

9.50.085 Compliance with Law and Posting and Disclosure Requirements. This Section requires a disclosure statement be issued to all new residents of a mobilehome park and the example provided has been updated to reflect the recommended amendment in Section 9.50.077.

Additional changes have been identified in Section 9.50.001 to accurately reflect the intent of these actions.

Varying Viewpoints

Since the introduction of the potential amendments at the April 14th MHRRC meeting, staff has received various documents from parties interested in these potential changes. These have been included as attachments beginning with Attachment 3.

III. EXHIBITS

1. Resolution CVMC 9.50
2. Draft CVMC 9.50 Ordinance Amendment
3. Chula Vista Mobilehome Park Owners Association letter dated May 10, 2011
4. Chula Vista Mobilehome Resident Documentation Submitted 5/25/11

From; Pat LaPierre

I apologize for my absence at this hearing; I am having some health issues. So please accept this letter as my opinions of the City's changes in our Ordinances.

1. I am strongly in favor of the Cap scenario for change of ownership. This appears to be the least cumbersome for park owners and residents alike. The park owners are allowed to raise rents up to market levels as set forth according to our Ordinance by City staff.

2. The Administration Fee (Fee for Service) to me is a necessity. This will ensure the continuation of our Ordinances, thus protecting park residents in the future. These fees will allow residents and City to hire fair return analysis experts and MAI appraisers to rebut the expensive lawyers and experts the park owners have hired in the past. Just this past year residents were pitted against huge corporate lawyers and their hired environmental analysis expert in defense of our Ordinance. I don't like to be redundant BUT our return analysis expert needs to be one that has a proven history of court acceptance as to fairness of his/her report.

3. I also notice the failure to address the MANDATORY TRACKING issue. This is an extremely important component of the Amendments to the Rent Control Ordinance. Without these figures how can the City and Commission ensure the Caps allotted to parks are accurate to market rents and that a just increase is passed onto the parks.

CLOSURE ORDINANCE

1. What exactly is the definition of DEPRECEATED REPLACEMENT COST? Is the independent appraiser to appraise the home in place and NOT pull-off value?